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UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 05-44481

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In the Matter of:

DELPHI CORPORATION,

Debtor.

- - - - -x

United States Bankruptcy Court

One Bowling Green

New York, New York

May 31, 2007

10:02 AM

B E F O R E:

HON. ROBERT D. DRAIN

U.S. BANKRUPTCY JUDGE

1
2 HEARING re Motion to Compel (Renewed Motion of USW to Compel
3 Debtors to Submit Individual Employee Matter to Impartial
4 Medical Authority) and (Notice of Renewed Motion to Compel)
5 filed by Lowell Peterson on behalf of United Steel, Paper and
6 Forestry, Rubber, Manufacturing, Energy, Allied Industrial and
7 Service Workers, International Union (USW), AFL-CIO. with
8 hearing to be held on 5/31/2007 (check with court for location)
9 Responses due by 5/24/2007.

10
11 HEARING re Motion for Omnibus Objection to Claim(s) Debtors'
12 Twelfth Omnibus Objection (Procedural) Pursuant To 11 U.S.C.
13 Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A)
14 Duplicate And Amended Claims And (B) Equity Claims filed by
15 John Wm. Butler Jr. on behalf of Delphi Corporation. with
16 hearing to be held on 5/31/2007 at 10:00 AM at Courtroom 610
17 (RDD) Responses due by 5/24/2007.

18
19 HEARING re Motion for Omnibus Objection to Claim(s) Debtors'
20 Thirteenth Omnibus Objection (Substantive) Pursuant To 11
21 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A)
22 Insufficiently Documented Claims, (B) Claims Not Reflected On
23 Debtors' Books And Records, (C) Protective Insurance Claims,
24 (D) Insurance Claims Not Reflected On Debtors' Books And
25 Records, (E) Untimely Claims And Untimely Tax Claims, And (F)

1 Claims Subject To Modification, Tax Claims Subject To
2 Modification, And Claims Subject To Modification And
3 Reclamation Agreement filed by John Wm. Butler Jr. on behalf of
4 Delphi Corporation. with hearing to be held on 5/31/2007 at
5 10:00 AM at Courtroom 610 (RDD) Responses due by 5/24/2007.

6
7 HEARING re Motion to Authorize Motion Pursuant To 11 U.S.C.
8 Section 105(a) For Supplemental Order Under 11 U.S.C. Sections
9 363, 502, And 503 And Fed. R. Bankr. P. 9019(b) Clarifying
10 Debtors' Authority To Compromise Or Settle Certain Classes Of
11 Controversy And Allow Claims Against Specific Estates Without
12 Further Court Approval filed by John Wm. Butler Jr. on behalf
13 of Delphi Corporation. with hearing to be held on 5/31/2007 at
14 10:00 AM at Courtroom 610 (RDD) Responses due by 5/24/2007.

15
16 HEARING re Motion for Omnibus Objection to Claim(s) Debtors'
17 Twelfth Omnibus Objection (Procedural) Pursuant To 11 U.S.C.
18 Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A)
19 Duplicate And Amended Claims And (B) Equity Claims filed by
20 John Wm. Butler Jr. on behalf of Delphi Corporation. with
21 hearing to be held on 5/31/2007 at 10:00 AM at Courtroom 610
22 (RDD) Responses due by 5/24/2007.

HEARING re Motion for Omnibus Objection to Claim(s) Debtors' Thirteenth Omnibus Objection (Substantive) Pursuant To 11 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Insufficiently Documented Claims, (B) Claims Not Reflected On Debtors' Books And Records, (C) Protective Insurance Claims, (D) Insurance Claims Not Reflected On Debtors' Books And Records, (E) Untimely Claims And Untimely Tax Claims, And (F) Claims Subject To Modification, Tax Claims Subject To Modification, And Claims Subject To Modification And Reclamation Agreement filed by John Wm. Butler Jr. on behalf of Delphi Corporation. with hearing to be held on 5/31/2007 at 10:00 AM at Courtroom 610 (RDD) Responses due by 5/24/2007.

HEARING re Response of Claimant, Marketing Innovators International, Inc. to Debtors' Thirteenth Omnibus Claims Objection, filed by Edward J. Lesniak on behalf of Marketing Innovators International, Inc.. with hearing to be held on 5/31/2007 at 10:00 AM at Courtroom 610 (RDD).

1 HEARING re Motion to Approve Motion For Order Under 11 U.S.C.
2 Section 362(d)(1) And Fed. R. Bankr. P. 4001(d)(1) Approving
3 Agreement To Modify Automatic Stay To Provide Certain Third-
4 Party Discovery Materials To ERISA Plaintiffs filed by John Wm.
5 Butler Jr. on behalf of Delphi Corporation. with hearing to be
6 held on 5/31/2007 at 10:00 AM at Courtroom 610 (RDD) Responses
7 due by 5/25/2007.

8
9 HEARING re Motion for Omnibus Objection to Claim(s) Debtors'
10 Thirteenth Omnibus Objection (Substantive) Pursuant To 11
11 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A)
12 Insufficiently Documented Claims, (B) Claims Not Reflected On
13 Debtors' Books And Records, (C) Protective Insurance Claims,
14 (D) Insurance Claims Not Reflected On Debtors' Books And
15 Records, (E) Untimely Claims And Untimely Tax Claims, And (F)
16 Claims Subject To Modification, Tax Claims Subject To
17 Modification, And Claims Subject To Modification And
18 Reclamation Agreement filed by John Wm. Butler Jr. on behalf of
19 Delphi Corporation. with hearing to be held on 5/31/2007 at
20 10:00 AM at Courtroom 610 (RDD) Responses due by 5/24/2007.

21
22 HEARING re Notice of Hearing Proposed Eighteenth Omnibus
23 Hearing Agenda filed by John Wm. Butler Jr. on behalf of Delphi
24 Corporation. with hearing to be held on 5/31/2007 at 10:00 AM
25 at Courtroom 610 (RDD).

1 HEARING re Motion for Omnibus Objection to Claim(s) Debtors'
2 Twelfth Omnibus Objection (Procedural) Pursuant To 11 U.S.C.
3 Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A)
4 Duplicate And Amended Claims And (B) Equity Claims filed by
5 John Wm. Butler Jr. on behalf of Delphi Corporation. with
6 hearing to be held on 5/31/2007 at 10:00 AM at Courtroom 610
7 (RDD) Responses due by 5/24/2007.

8
9 HEARING re Motion for Omnibus Objection to Claim(s) Debtors'
10 Thirteenth Omnibus Objection (Substantive) Pursuant To 11
11 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A)
12 Insufficiently Documented Claims, (B) Claims Not Reflected On
13 Debtors' Books And Records, (C) Protective Insurance Claims,
14 (D) Insurance Claims Not Reflected On Debtors' Books And
15 Records, (E) Untimely Claims And Untimely Tax Claims, And (F)
16 Claims Subject To Modification, Tax Claims Subject To
17 Modification, And Claims Subject To Modification And
18 Reclamation Agreement filed by John Wm. Butler Jr. on behalf of
19 Delphi Corporation. with hearing to be held on 5/31/2007 at
20 10:00 AM at Courtroom 610 (RDD) Responses due by 5/24/2007.

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1 P R O C E E D I N G S

2 THE COURT: Be seated. Okay. Delphi Corporation.

3 MR. BUTLER: Your Honor, good morning. Jack Butler,
4 Kaylayn Marafioti and Tom Matz from Skadden, Arps, Slate,
5 Meagher and Flom, LLP, here on behalf of Delphi Corporation for
6 its eighteenth omnibus hearing.

7 Your Honor, we have filed an agenda that has fourteen
8 matters on it and we'd like to follow the agenda order today.

9 THE COURT: That's fine.

10 MR. BUTLER: Your Honor, the first two matters in the
11 agenda the Creditors Committee, GM claims and defenses motion
12 at docket number 4718 and the Equity Committee's companion ex
13 parte motion at docket number 5229 are being carried over by
14 consent to the June 26th hearing as -- as negotiations continue
15 between the parties.

16 THE COURT: Okay.

17 MR. BUTLER: Your Honor, matter number 3 is the
18 Furukawa motion which is Mr. Berger's.

19 MR. BERGER: Good morning, Judge.

20 THE COURT: Good morning.

21 MR. BERGER: Neal Berger, Togut Segal and Segal.
22 Your Honor, Furukawa filed a motion asking this Court to
23 abstain from considering the debtor's objection to Furukawa's
24 proof of claim and the affirmative claim that Delphi asserted
25 against Furukawa alternatively, for relief from the automatic

1 stay or to limit the scope of the claim objection hearing.
2 Negotiations in formal discovery having gone on, they broke
3 down because of a dispute concerning the confidential treatment
4 of certain engineering reports. That dispute regarding
5 confidentiality was resolved over the Memorial Day weekend.
6 Delphi produced documents on Tuesday. The parties jointly
7 request that this matter be adjourned. Furukawa is not able to
8 make it to the next omnibus hearing date and requests that we
9 put this on to July. We're agreeable to that subject to Your
10 Honor's approval.

11 THE COURT: Okay. That's fine.

12 MR. BERGER: Thank you, Judge.

13 MR. BUTLER: Your Honor, matter number 4 on the
14 agenda is the steel workers renewed motion involving the
15 individual employee matter that has been before the Court
16 before. This is at docket number 7727. This involves an
17 individual by the name of Terry Detrick who retired from
18 General Motors in 1983 and who's never worked for Delphi
19 Corporation seeking a determination of whether he is fit or
20 unfit to return to work. By agreement of the parties, Your
21 Honor, we have put this renewed motion off until June 26th and
22 we're trying to sort out with the union as to whether or not
23 Mr. Detrick can actually meet the procedures that are set forth
24 and that Your Honor actually ruled on at a prior closed
25 hearing. And we're trying to sort those things out with them

1 and so the parties have agreed that this should be moved to the
2 June 26th hearing.

3 THE COURT: Okay. That's fine.

4 MR. BUTLER: Turning now, Your Honor, to the agreed
5 docket, and just an observation about the hearing in general,
6 while there are a couple of items carried as contested today,
7 they are the claims objection matters in which the contested
8 portions will in fact be put into the claims track, so there
9 are no contested hearings today. That doesn't, however in the
10 debtor's view, change the significance of this particular
11 hearing at which a number of matters are coming before Your
12 Honor for approval that represent, in the debtor's views,
13 milestones in, if you will, meeting the transformation
14 objectives that were set forth back in March of 2006 when the
15 company issued its transformation plan and stated that it had
16 five major objectives that it needed to move forward with.
17 Those objectives were to resolve its U.S. labor situation, to
18 resolve its relationship with General Motors Corporation, to
19 put in place a competitive footprint across its global
20 businesses, to reduce SGA expense and finally to set -- sort
21 through a solution that would allow the company to continue to
22 honor it's hourly and salaried pension programs.

23 What Your Honor has before you today are really the
24 matters that will, if you will -- will go a long ways to
25 checking the box on the fourth and fifth transformation

1 objectives. And the motion that is now here at matter number
2 5, the network support services motion at docket number 7926,
3 is the last in a series of motions that, if Your Honor approves
4 it, will put in place all of the Court approvals that the
5 debtors require to carry forward the SGNA program that it has
6 reviewed with its stake holders. And obviously, if
7 successfully implemented, will meet the -- the objective that
8 was one of the five objectives that is the SGNA objective.

9 So matter number 5 is our network support services
10 motion. It is seeking approval of an agreement with computer
11 sciences corporation. Your Honor, may you will recall that SCS
12 was part of a phase two portion of this program. It was
13 previously approved on April 23rd of this year, docket number
14 7774. And this is, as I indicated, the third in a series of
15 motions. We began first with phase one of the plan,
16 outsourcing, which was the global infrastructure services and
17 then we moved on. That was done last year in October and then
18 a few months ago we dealt with the second phase which was
19 application maintenance and support services. This motion now
20 before the Court deals with the outsourcing of our global
21 network support services program, which is the final phase of
22 the IT program.

23 This matter has also, as to the prior matters, has
24 the actual agreement filed under seal with the public documents
25 generally describing the arrangements. Here the total cost of

1 this program, as is set forth in the motion, has been ranged at
2 325 to 400 million dollars. It's for a term of five years.
3 There are transaction costs of about sixteen million and the
4 debtor estimates our net operating savings, at least on the
5 steady state basis, at somewhere in excess of seventy million
6 dollars.

7 I will point out, in terms of claims related issues
8 Your Honor, that SCS is not involved in any claims issues with
9 us that would be released under this agreement. That is to say
10 that there are any pre-petition agreements they have with us
11 are not within the scope of the network support agreement and
12 in fact, in looking into them, we don't believe them to be
13 material and we think they're with the not -- we believe them
14 to be the non-debtor involving some European server operations
15 that -- which we think the claims, even against the non-debtor
16 entities, are diminimus.

17 We have in the courtroom, as we have in each of these
18 major hearings, Timothy McCabe the director of Strategic
19 Sourcing at Delphi Corporation, who is available to answer any
20 questions Your Honor may have. We have reviewed this and Mr.
21 McCabe participated in the review of this arrangement with the
22 Creditors Committee's professionals, who conducted both legal
23 and financial diligence on these agreements. And the committee
24 has informed us that they do not object to the relief sought in
25 the motion.

1 Your Honor -- unless Your Honor has any other
2 questions about the relief here, we're pleased to present to
3 Your Honor the final phase of our outsourcing program.

4 THE COURT: Okay. No, I don't have any questions.
5 The motion was clear as to the benefits of the agreement and I
6 reviewed the agreement and it was certainly consistent with the
7 motions. So I'll approve it as sought.

8 MR. BUTLER: Thank you very much, Your Honor. Your
9 Honor, the next item on the agenda, item number 6 is a
10 supplemental settlement procedures motion filed at docket
11 number 7930. And I'll just make a couple of comments about
12 this.

13 First -- the first comments I'm going to make is,
14 Your Honor, this really was a motion brought by the debtors
15 at -- resulting from discussions at the claims hearing with
16 Your Honor to make sure the settlements procedures clarified
17 that the debtors had the authority to allow claims with a
18 specific priority and security status when the allowance of
19 those claims otherwise meets the requirements of the settlement
20 procedures order.

21 We -- my second comment on this is that we have
22 resolved any issues that Wilmington Trust Company, as
23 indentured trustee, had by including them as a notice party
24 open only with respect to claims meeting the threshold set
25 forth in the settlement procedures order and only those claims

1 to be settled by Delphi Corporation.

2 Our last comment, Your Honor, is in thinking through
3 this and preparing for this hearing, while we prepared a
4 supplemental order, if it's acceptable to Your Honor, I think
5 what we'd prefer to do is submit an amended and restated
6 settlement order that includes these provisions where they are
7 appropriate, then we'll do a black line for the Court. But I
8 think it's -- its easier, I think, for people when they go to
9 look for these kinds of omnibus orders on the docket that they
10 actually have a self-contained order.

11 THE COURT: I think so.

12 MR. BUTLER: If that's acceptable to Your Honor we'll
13 submit a revised -- amended restated order to the Court.

14 THE COURT: Okay. Does anyone have anything to say
15 on this motion? All right. It's fine to submit one amended
16 restated order although I think you were correct in the
17 supplemental order to make it clear this was just a
18 clarification. And in light of that and perhaps my excess of
19 caution, its fine to have it be nunc pro tunc to, in fact it's
20 appropriate. But now it should be crystal clear to everyone
21 that the debtors have the authority to do this. So I'll look
22 forward to seeing that order.

23 MR. BUTLER: Thank you, Your Honor.

24 MR. BUTLER: Your Honor, matter number 7 on the
25 agenda is the IRS pension funding waiver motion at docket

1 number 7932. This is another of the major motions on this
2 hearing which really helps us complete our fifth transformation
3 objective, which is to sort out a solution with respect to our
4 hourly and salaried pension programs. And what we have before
5 the Court today is a motion that seeks approval of pension
6 funding waivers that were issued by the United States Internal
7 Revenue Service and that also authorizes us to take certain
8 action and provide letters of credit to the PBGC. Your Honor,
9 this particular transaction really sets forth a -- a, sort of,
10 entire format on how we're going to proceed with our pension
11 obligations in the context of a successfully concluded Chapter
12 11 case and a plan of reorganization that is the outgrowth of
13 the framework discussions that we're having.

14 Delphi is quite proud of where we are here. We have
15 a lot of work to do before we emerge but we will be, if we're
16 able to carry through on all the commitments we're making under
17 these documents, we will be one of the few if not the only
18 labor -- major labor transformation case which actually honors
19 its hourly pension obligations and its salaried pension
20 obligations upon emergence. And we'll have found the funding
21 necessary to do that. Obviously the funding here involves many
22 billions of dollars; it has to be sorted through. We have
23 worked out a transaction with General Motors Corporation
24 under -- which is referred to in these documents as a Section
25 414L transfer. That obviously, and all of our agreements with

1 General Motors, is subject to our ultimate settlement --
2 definitive settlement agreement with them which we're still
3 working on. But this really carries forward with it an
4 opportunity for us, it avoids what would otherwise, I suspect,
5 be a long and protracted dispute between the government and the
6 debtors as to whether or not the government could recover
7 excise taxes from the company because we're not making
8 contributions that they would otherwise say might be due, which
9 we don't believe would be under the Bankruptcy Code. This
10 particular motion puts a conclusion to what that dispute
11 might -- might deal with. It sets forth the contributions that
12 they will be made under certain circumstances but which will be
13 in fact contributions to the plans and not for any other
14 purpose and not to, for example, pay excise taxes or anything
15 else. It does involve the posting of what is a relatively
16 diminimus letter of credit here, in the context of the size of
17 these plans and the provisions under which the government
18 could -- could actually look to draw against those letters of
19 credit.

20 Indicated in the motion, when we filed it, we laid
21 out in detail all of the arrangements and we actually publicly
22 filed, in this case, the -- the waiver letters that we've
23 received from the government. And they're Exhibits A and
24 Exhibits B to the motion. The -- we've reviewed these -- this,
25 obviously, with our committees and other major stake holders.

1 This is an important step forward for the company and there
2 is -- and I'm not surprised there aren't, there are no
3 objections filed to the relief we're seeking here.

4 THE COURT: Okay. I did see the committee's
5 statement. I'll grant the motion. It's clearly an appropriate
6 action out of the ordinary course and an appropriate
7 compromise. Like the committee, I'm always hesitant to approve
8 something that sets conditions that are not necessarily totally
9 under the debtor's control but I -- I think the conditions are
10 reasonable here and moreover it was clear to me in reading
11 this, including the waiver letters, that the IRS and the PBGC
12 have shown a really commendable degree of pragmatism and
13 sophistication here. And I assume, while of course protecting
14 the interest of the government, that if the deadlines cannot be
15 met for good reasons and the basis for the government's
16 decision is still there, i.e. to preserve the pension plan
17 while protecting the interest of the government, that the
18 government will continue to act in a sophisticated and
19 pragmatic way. So I'll -- I'll approve the waivers as sought.

20 MR. BUTLER: Thank you very much, Your Honor. Your
21 Honor, the next two matters on the agenda, matters 8 and 9, the
22 Umicore settlement motion and the EDS settlement motion are --
23 are really reconciliation matters. There's no real big news
24 here. The reason they're before the Court in the -- in the
25 omnibus track is because these claims were large. They're more

1 than ten million dollars. And under the -- the claims
2 procedures orders they need to go through the regular omnibus
3 track as opposed to the claims track. But these when, I think,
4 you boil them down; these really are nothing more than
5 reconciliations between the parties. There's no, in my
6 opinion -- at least in my view, major concessions on anybody's
7 side. This was a reconciliation of the books and records of
8 the company. In some cases the company agreed to adjust the
9 books and records based on evidence and information provided by
10 the claim holders. And they are -- but they are reasonable and
11 appropriate from the company's perspective and so let me just
12 address them both very quickly.

13 The Umicore settlement motion at docket number 7933
14 is a resolution of the claims between the parties. We have
15 determined, after reviewing books and records and additional
16 supporting documentation provided by Umicore, that the DAS LLC
17 liability of Umicore is 10,558,893 dollars and thirty-one
18 cents. This is about 112,000 dollars less than was asserted in
19 the claim and a couple hundred thousand dollars more than our
20 original books and records estimate was in reviewing this. The
21 other piece of good news in this is that as part of the
22 settlement there's a 2.7 million dollar reclamation claim
23 that's waived. And the unliquidated portion of the claim is
24 also waived. So this is a final settlement as to the amounts
25 of these claims and are consistent with the books and records

1 of the company as adjusted for the additional information that
2 was presented to the company by the claim holder.

3 THE COURT: I'll approve this settlement for the
4 reasons stated in the motion and in light of there being no
5 objections.

6 MR. BUTLER: Thank you. Your Honor, similarly the
7 EDS settlement motion at docket number 7934 is another
8 reconciliation arrangement of a claim in excess of ten million
9 dollars. This -- the agreements here are for -- a little more
10 -- a settlement a little more than sixteen million dollars.
11 There's a lot in this particular motion but it, you know, while
12 it does resolve claims that are in the aggregate, over seventy-
13 six million dollars, that's really because the same claims were
14 filed against multiple debtors and with respect to multiple
15 claims. And so I really see this as being a resolution back to
16 the books and records of the company and nothing more than what
17 I would consider to be -- it's a large claim that was -- the
18 reconciliation was complex but this is a reconciliation
19 transaction. And the only other element of this that I think
20 is worth noting, I guess there's two comments I'd have. One,
21 there are some voting provisions set forth with respect to
22 allowed proof of claim 12678, 12-678, just to clarify that EDS
23 corporal act on behalf of its affiliate both for voting and for
24 distribution. And there was a black-line order submitted where
25 counsel for EDS had some clarification they wanted in terms of

1 the binding nature of the settlement agreement. But other than
2 that, Your Honor, we would rely upon the papers we submitted.

3 THE COURT: Okay. I guess the -- I did have a
4 question on this. It allows them to reassert a particular
5 claim and it just wasn't clear to me -- I'm assuming that that
6 ability to reassert won't be exercised unless the debtor starts
7 taking the position that the proof of claim that's allowed
8 is -- well, I don't know, why would they be reasserting this
9 one claim?

10 MR. BUTLER: I'm sorry, where exactly, Your Honor?

11 MR. NOVOD: Your Honor, if I may address the Court.

12 THE COURT: Right.

13 MR. NOVOD: My name is Gordon Novod; I'm counsel to
14 EDS, EIS Information Services and EDS in Mexico. This
15 provision was specifically negotiated among the parties for the
16 specific reason that our contracts provide, or EDS's contracts
17 provide for both liability on account of both DAS LLC and
18 Delphi Corp. So rather than fighting now over consolidation,
19 it was reserved the fact that if a plan was confirmed or there
20 wasn't a consolidated plan or where EDS is paid less than full
21 then EDS could reassert that claim.

22 THE COURT: Okay.

23 MR. NOVOD: And I should note for the record that --

24 THE COURT: So even though you have to claims, it's
25 only up to one -- one payment in that.

1 MR. NOVOD: Yes, that's correct, Your Honor.

2 THE COURT: Now, I understand. Okay.

3 MR. NOVOD: And the claim is being allowed by the
4 debtor or the agreement at least, was with respect to both
5 goods provided, services provided as we are one of the larger
6 IT outsourcing partners with the debtors and also money loaned.

7 THE COURT: Okay.

8 MR. NOVOD: I would note one thing for the record,
9 the clarification that's being made to the order of something
10 that's actually found in the settlement agreement. And it was
11 something that we had asked to be included in the order.

12 THE COURT: Okay.

13 MR. NOVOD: And the second thing, Your Honor, is that
14 EDS continues to do business with the debtor post-petition.
15 This Court approved contracts, as the debtor noted before as
16 part of its IT initiatives with respect to SGNA and that any
17 causes of action arising out of those new contracts or
18 contracts that continue to exist today which haven't been
19 assumed or rejected would continue. And that would include, to
20 the extent the debtor would chose to reject those existing
21 contracts, the ability to file a claim.

22 THE COURT: Okay. And the debtor's preserving its
23 right to object to a reasserted claim.

24 MR. BUTLER: We are. And the reassertion, Your
25 Honor, I think relates to claim 12679 and that was to -- to

1 eliminate fights now about subsequent consolidation.

2 MR. NOVOD: Your Honor --

3 THE COURT: Or mooted out by full payment?

4 MR. BUTLER: Correct.

5 MR. NOVOD: I would note one more think, Your Honor.
6 The debtor has actually agreed that certain part of the claim
7 will be agreed to; to the extent it needs to be reasserted.

8 THE COURT: Right.

9 MR. NOVOD: The debtor has disputed whether or not, I
10 believe, DAS LLC could be liable for part of the claim and that
11 would be the only issue that the debtor would have the ability
12 to challenge.

13 THE COURT: Okay. All right. Well, I'll approve the
14 settlement as reasonable.

15 MR. NOVOD: Thank you, Your Honor.

16 MR. BUTLER: Thank you. Your Honor, the next matter
17 on the agenda, matter number 10, is the ERISA plaintiff's stay
18 modification motion at docket number 7957. And this, Your
19 Honor, is a companion motion to and is, in the debtor's view,
20 identical in virtually every respect to the relief we brought
21 to Your Honor with respect to the securities plaintiffs in the
22 MDL litigation. The ERISA plaintiffs have a separate complaint
23 that's in -- pending before Judge Rosen in Detroit as part of
24 the overall MDL. We believed -- we actually reached out with
25 the ERISA plaintiffs and talked to them about this. In order

1 to move forward with settlement discussions and mediations we
2 believed that they needed access to the same discovery that was
3 being provided under the other order to the lead plaintiffs.
4 We have consulted with counsel for the lead plaintiffs and
5 we've also confirmed to them that it's the debtor's intention
6 to presume -- to present and produce exactly the same set of
7 materials to the lead plaintiffs and ERISA plaintiffs under the
8 two orders. They're intended to work as companion orders from
9 the company's perspective. And the -- we've explained, I think
10 the lead plaintiffs agree with us, that the text of those
11 orders provide for the production of the same materials. And
12 we've also indicated that because the -- Delphi remains mindful
13 that the automatic stay remains in force as to both the lead
14 plaintiffs and the ERISA plaintiffs in all other respects, that
15 we won't be producing any additional documents to either of
16 them without first seeking a further modification of the stay
17 from the Court. I think that has got both the ERISA plaintiffs
18 and the lead plaintiffs comfortable that they're on, if you
19 will, the same ground with each other which is an element of
20 trying to sort all these issues out in negotiations.

21 I would tell Your Honor that the MDL issue is an
22 issue that we are focusing on as we head towards emergence
23 here. The -- there are elements of the MDL litigation,
24 particularly in the securities litigation which include debt
25 components. It's not your typical MDL which has an only --

1 usually subordinated securities claims there are -- that are
2 subordinated down to the equity level under the Code but there
3 are actually five, ten subordinations here within the creditor
4 class as well. And as a result we are meeting with our
5 insurers and with -- we've met with our statutory committees,
6 at least initially. We are -- we are talking with the
7 plaintiffs. We have agreed, that is the company -- all of the
8 insurers in our towers, insurance towers, and the lead
9 plaintiffs have agreed to a -- a particularly mediator and a
10 mediation date which is July 23rd of this year. And we're
11 moving forward to try to mediate this dispute and I'm hopeful,
12 while this is, as most other things in this case are, has a
13 level of complexity to it. I'm hopeful that we will be able to
14 sort through these matters as we move forward.

15 So I think this is a necessary step to that. I think
16 its an important one and I just want to make sure the record's
17 very clear here that we're trying, from a discovery
18 perspective, to put the ERISA plaintiffs and the lead
19 plaintiffs, lead securities plaintiffs, on even footing in
20 connection with the discovery being provided in -- as part of
21 the modification to the automatic stay.

22 THE COURT: Okay. I think the record is clear and
23 again, based on there being no objections and the statements in
24 the motion I'll approve that -- I guess I'll be getting a
25 protective order in addition to the agreed order that I have.

1 I'm assuming it will be along the same lines as the lead
2 plaintiff's protective order.

3 MR. BUTLER: Yes, Your Honor.

4 THE COURT: Okay.

5 MR. BUTLER: Thank you very much. Your Honor,
6 turning now to the contested docket. The only matters on it
7 are our 12th and 13th claims objections. I'm taking the 12th
8 claims objection first. This omnibus objection is filed at
9 docket number 7824. And in this objection we have objected to
10 seventy-one claims. These claims -- what we're doing here is
11 we're seeking to expunge and disallow forty-six proofs of
12 claim, liquidated claims of approximately 22.4 million that the
13 debtor's assert are duplicative of other proofs of claim or had
14 been amended or superseded by later filed claims. And twenty-
15 five proofs of claim which we assert have liquidated claims for
16 about 37,000 which are filed by holders of Delphi's common
17 stock.

18 We have received four responses to these matters,
19 relating to five claims that have asserted in the aggregate of
20 about 120,000 dollars. We have filed, as part of our omnibus
21 reply, a chart that summarizes these responses as Exhibit A-2,
22 the reply. And the relief we were therefore seeking today,
23 because we'll take those five claims and put them on the claims
24 track, is we're asking for relief today with respect to sixty-
25 six uncontested claims, objection with liquidated claims of

1 approximately 22.3 million dollars and the balance of the
2 claims -- the five claims covered by the four responses will
3 move over to the claims track.

4 THE COURT: Okay. All right. Given the notice, the
5 lack of opposition to the objections that are still going
6 forward and the statements in the -- on those objections, I'll
7 approve the objection as modified on the record.

8 MR. BUTLER: Thank you, Your Honor. Your Honor,
9 matter number 12 is our 13th omnibus claims objection. It's
10 filed at docket number 7825 and it deals with 683 claims.

11 The categories covered by the claims objection are as
12 follows. There's twelve proofs of claim in the aggregate of
13 about 136,000 which the debtors allege contain insufficient
14 documentation. There are sixty proofs of claim in the
15 amount -- the aggregate amount of approximately twenty-eight
16 million which contain my ability to dollar amounts that do not
17 match the debtor's books and records.

18 The third category is 126 proofs of claim filed in an
19 unliquidated amount that were filed by insurance companies and
20 are protective in nature. Because the contracts that align
21 those claims were assumed pursuant to an insurance assumption
22 order at docket number 1779.

23 The fourth category is a single proof of claim in an
24 unliquidated amount filed by an insurance company that contains
25 liability of the dollar amounts that don't match the debtor's

1 books and records.

2 Our fifth category are thirteen proofs of claim
3 totaling about 1.2 million that were not timely filed pursuant
4 to the bar date order. Category six involves nine proofs of
5 claim in the aggregate amount of 1.9 million. They were filed
6 by taxing authorities and were not timely filed. And category
7 seven involves 462 proofs of claim totaling approximately
8 ninety-six million which we seek to modify, subject to further
9 objection, to fully liquidated claims in the aggregate amount
10 of approximately eighty-six million. To there's a ten million
11 dollar delta between those two amounts. Or we also, in some
12 instances, want to change the identity of the alleged debtor or
13 the classification.

14 Now, Your Honor, in the context of this latter
15 category, category seven, of the 462 claims there are 370 of
16 those claims listed on Exhibits E-1 and E-2 for which the
17 debtor's discovered a noticing problem. And my partner, Mr.
18 Lyons discussed with you in a claims hearing. And we have re-
19 noticed all of those. There was, apparently, an Excel
20 formatting problem so that when the data was populated into
21 notices it -- what came out was unintelligible. And other than
22 apparently the addresses of -- the notice got out it just
23 didn't have the information on it that it should have. As a
24 result of that, Your Honor, we are adjourning all of Exhibit
25 E-1 and E-2 claims, even the claims on those exhibits for which

1 there wasn't this population problem, this data population
2 difficulty, to the June 26, 2007 hearing with Your Honor's
3 permission. And we have re-noticed those, given the proper
4 notice under the Bankruptcy Code with properly populated
5 objection forms so that people would have that. Now, I would
6 note that even having done that there are twenty-one responses
7 from claimants on Exhibits E-1 and E-2, fifteen of which have
8 been docketed, six of which are not yet docketed. And we would
9 carry all those responses to the June 26th hearing and then put
10 them on the claims track. So we thought the best way, just to
11 avoid any appearance of impropriety or a process issue here.
12 We thought we would just take all of Exhibit E-1 and E-2, the
13 370 claims and move them over to the June 26th hearing.

14 THE COURT: Okay.

15 MR. BUTLER: Your Honor, with respect to the balance
16 of the claims, the -- we have received, excluding Exhibits E-1
17 and E-2; we received twenty-eight formal responses. I think
18 twenty-five of those are on the court docket. We've received a
19 few others that remain undocketed. And those pertain to 172
20 proofs of claim asserting liquidated damages of 51.2 million.
21 And as is our process here, we will kick all of those claims
22 over to claims track and seek relief today only with respect to
23 the uncontested portions of the thirteenth omnibus claims
24 objection, excluding all of the Exhibit E-1 and E-2 matters
25 which will be carried to the June 26th hearing. And therefore

1 we're -- the relief that we're seeking today covers 141 claims
2 asserting liquidated claims of approximately forty-six million.
3 Of those we want to expunge seventy-seven of those claims. And
4 with respect to the remaining sixty-four claims, which assert
5 42.3 million, we want to modify those claims down to 41.7
6 million and in some instances as set forth in the order and by
7 the schedules we've filed, changed the class or the debtor
8 entity. And that's the relief, Your Honor, we're requesting
9 today with respect to this objection.

10 THE COURT: Okay. I'll grant the objection as
11 modified in light of there being no opposition to the objection
12 as modified after proper notice.

13 MR. BUTLER: Thank you, Your Honor. Your Honor, the
14 other two items on the agenda, the National Union matter and
15 the Delphi Medical Assistance matter are both Mr. Berger's.

16 MR. BERGER: Judge, Neal Berger. Number thirteen on
17 the calendar is the adjourned pre-trial conference for the
18 adversary proceeding commenced by Delphi against National Union
19 and Fire Insurance Company of Pittsburgh. Your Honor may
20 recall this is an adversary proceeding for a declaration
21 concerning certain coverages used on a -- insurance policies.
22 Negotiations have been ongoing. You've heard today that the
23 insurers are involved in negotiations in broader issues. There
24 was a proposal sent to Delphi earlier this week, one will be
25 sent back. We'd ask that this matter be adjourned to the

1 August omnibus date. There is a date between now and then that
2 will be significant as far as the negotiations are concerned.
3 National Union is represented today here by counsel and join
4 our request for the adjournment.

5 THE COURT: Okay. That's fine. So I'll adjourn it
6 to the August date.

7 MR. BERGER: Thank you, Judge. Your Honor, last in
8 the adversary section, number fourteen is the adjourned pre-
9 trial conference for the adversary proceeding commenced by
10 Delphi Medical Systems of Colorado against Axis. This matter
11 was off the agenda. We brought it back onto agenda. This was
12 an adversary proceeding to compel payment of approximately four
13 million dollars by Axis to Delphi. Your Honor so ordered a
14 stipulation in response to Axis' designation of an alternative
15 dispute resolution procedure in the contract. And in that
16 stipulation and an order, you suspended the time for this
17 defendant to answer until fifteen business days after
18 arbitration proceedings were terminated. Axis first asserted
19 that it had financial inability issues. We've pressed for
20 information; we got some not what we needed. And we also
21 pressed for to designate a mediator, an arbitrator, to go to
22 arbitration. Axis at first was somewhat responsive then not
23 responsive. A few weeks ago we were told that they were
24 subject to an assignment of benefit of creditors.

25 We wrote to them on May 14th and advised them that

1 Delphi considered Axis to have abandoned and terminated the
2 arbitration proceedings. We demanded that they file an answer
3 within fifteen business days consistent with Your Honor's
4 stipulation and order. That fifteen business days expires on
5 June 4th. What we've asked, Your Honor, is that if Axis does
6 not timely answer that we be able to seek entry of a default
7 judgment on notice and application to Axis. And if they do
8 answer that we come back in any instance, we'd ask that this
9 matter be adjourned to the June omnibus hearing date. We'll
10 report to Your Honor then whether or not we've notice the
11 default and if Axis chooses to re-engage us, we'll come back
12 before Your Honor and map out some strategy.

13 THE COURT: Okay. I'll adjourn it to the June
14 omnibus date for either a pre-trial conference or -- you're
15 just seeking a sum certain here, right?

16 MR. BERGER: Correct. If Your Honor does enter -- if
17 we do notice up the application for default I suppose I could
18 contact chambers and further adjourn it. If judgment is
19 entered we won't need to come back on the calendar.

20 THE COURT: Right. Okay. Very well.

21 MR. BERGER: Thank you, Judge.

22 MR. BUTLER: Your Honor, that completes our omnibus
23 hearing for May.

24 THE COURT: Okay. Thank you.

25 (Court adjourned at 10:38 a.m.)

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I N D E X

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C E R T I F I C A T I O N

I, Pnina Eilberg, court approved transcriber, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

____ June 6, 2007

Signature of Transcriber

Date

Pnina Eilberg

typed or printed name